



General Assembly

January Session, 2011

Committee Bill No. 34

LCO No. 1469

01469SB00034INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

**AN ACT PROHIBITING OFFSETS FOR DEPENDENT CHILDREN IN
DISABILITY INCOME PROTECTION POLICIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-519 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2012*):

3 (a) No group health insurance policy that provides disability income
4 protection coverage, delivered, issued for delivery, renewed, amended
5 or continued in this state, and no application, rider or endorsement
6 used in connection therewith shall contain an offset proviso. For the
7 purposes of this subsection, [an] "offset proviso" means any provision
8 of an insurance policy that allows the insurer to reduce its liability for
9 loss or expense from sickness or from bodily injury of the insured by
10 reason of any cost of living increase in other disability benefits that
11 occur after the date a claim commences under such policy.

12 (b) For each group long-term disability income protection coverage
13 policy delivered, issued for delivery, renewed, amended or continued
14 in this state, that contains an offset, the insurer shall disclose to a
15 policyholder in a separate document and in a conspicuous manner in

16 not less than fourteen-point bold face type: (1) That the policy contains
17 an offset; (2) that such offset will function to limit payments to an
18 insured under the policy, taking into account Social Security disability
19 benefits and other benefits the insured may receive; (3) for what other
20 categories of benefits the policy will offset; (4) the [per cent] percentage
21 of income the policy covers and the maximum dollar limit of the
22 policy, if applicable; and (5) at least one example showing how such
23 offset will operate. Such disclosure shall include a statement that, if an
24 eligible individual wants a policy that does not contain an offset, the
25 individual may contact an insurance agent or company for an
26 individual policy.

27 (c) No policy set forth in subsection (b) of this section that contains
28 an offset for disability benefits received by the insured under the Social
29 Security Act, as amended from time to time, with respect to disabilities
30 that occur after such delivery, issuance for delivery, renewal,
31 amendment or continuance, shall include in such offset any disability
32 benefits received under the Social Security Act, as amended from time
33 to time, by any dependent child of the insured or received by such
34 insured on behalf of such dependent child.

35 ~~[(c)]~~ (d) The policyholder shall provide to each eligible individual
36 the information and the statement required to be disclosed under
37 subsection (b) of this section.

38 Sec. 2. (NEW) (*Effective January 1, 2012*) (a) No individual health
39 insurance policy that provides disability income protection coverage,
40 delivered, issued for delivery, renewed, amended or continued in this
41 state, and no application, rider or endorsement used in connection
42 therewith shall contain an offset proviso. For the purposes of this
43 subsection, "offset proviso" means any provision of an insurance policy
44 that allows the insurer to reduce its liability for loss or expense from
45 sickness or from bodily injury of the insured by reason of any cost of
46 living increase in other disability benefits that occur after the date a
47 claim commences under such policy.

48 (b) For each individual long-term disability income protection
 49 coverage policy delivered, issued for delivery, renewed, amended or
 50 continued in this state, that contains an offset, the insurer shall disclose
 51 to the insured in a separate document and in a conspicuous manner in
 52 not less than fourteen-point bold face type: (1) That the policy contains
 53 an offset; (2) that such offset will function to limit payments to an
 54 insured under the policy, taking into account Social Security disability
 55 benefits and other benefits the insured may receive; (3) for what other
 56 categories of benefits the policy will offset; (4) the percentage of
 57 income the policy covers and the maximum dollar limit of the policy, if
 58 applicable; and (5) at least one example showing how such offset will
 59 operate. Such disclosure shall include a statement that, if an individual
 60 wants a policy that does not contain an offset, the individual may
 61 contact an insurance agent or company.

62 (c) No policy set forth in subsection (b) of this section that contains
 63 an offset for disability benefits received by the insured under the Social
 64 Security Act, as amended from time to time, with respect to disabilities
 65 that occur after such delivery, issuance for delivery, renewal,
 66 amendment or continuance, shall include in such offset any disability
 67 benefits received under the Social Security Act, as amended from time
 68 to time, by any dependent child of the insured or received by such
 69 insured on behalf of such dependent child.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2012</i>	38a-519
Sec. 2	<i>January 1, 2012</i>	New section

Statement of Purpose:

To prohibit offsets in disability income protection policies from including Social Security disability benefits received by dependent children of an insured.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: SEN. PRAGUE, 19th Dist.

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